

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF AIRVIEW ESTATES, INC.)	
FOR AN ADJUSTMENT OF RATES PURSUANT TO)	CASE NO.
THE ALTERNATIVE RATE FILING PROCEDURE)	93-007
FOR SMALL UTILITIES)	

O R D E R

On May 12, 1993, the Attorney General of the Commonwealth of Kentucky ("Attorney General"), by and through his Utility and Rate Intervention Division, filed a motion to compel Airview Estates, Inc. ("Airview") to answer certain requests for information and temporarily stay these proceedings or, in the alternative, dismiss the case.

In support for his motion to compel, the Attorney General cites that Airview has not responded to his February 11, 1993 information request although the responses were due approximately 70 days ago. The Attorney General additionally states that the information sought is relevant to these proceedings and necessary for preparation of his case. Based upon these assertions, the Commission finds that Airview should provide the requested information.

In support of his motion to stay, the Attorney General denotes the time he has lost to analyze the information sought due to Airview's failure to respond. The Commission finds that although Airview's failure to respond may delay the Attorney General's case preparation, the Attorney General will have adequate opportunity to

review the responses without need for a stay of the proceedings. Additionally, the fact that the Commission is under a statutory time limit for processing this case buttresses the Commission's denial of the requested abeyance.

The Attorney General additionally requests that this case be dismissed for Airview's failure to answer the information request. The Commission finds that Airview's failure to respond does not presently amount to adequate grounds for dismissal of the proceeding.

IT IS THEREFORE ORDERED that:

1. Within 10 days of the date of this Order, Airview shall furnish all parties of record and the Commission with the information sought by the Attorney General in the February 11, 1993 request. A copy of this information request is attached as Appendix A.

2. The Attorney General's motion to stay these proceedings is hereby denied.

3. The Attorney General's request to dismiss this case is hereby denied.

Done at Frankfort, Kentucky, this 21st day of May, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
 COMMISSION IN CASE NO. 93-007 DATED MAY 21, 1993 **RECEIVED**
 COMMONWEALTH OF KENTUCKY
 BEFORE THE PUBLIC SERVICE COMMISSION FEB 11 1993

In the Matter of:

PUBLIC SERVICE
 COMMISSION

THE APPLICATION OF AIRVIEW ESTATES, INC.)
 FOR AN ADJUSTMENT OF RATES PURSUANT TO)
 THE ALTERNATIVE RATE FILING PROCEDURE)
 FOR SMALL UTILITIES)

CASE NO. 93-007

REQUEST FOR INFORMATION
 OF THE ATTORNEY GENERAL TO
 AIRVIEW ESTATES

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Utility and Rate Intervention Division, and submits his Request for Information to Airview Estates.

(1) In each case where a request seeks data provided in response to a staff request, or the request of another intervenor, reference to the appropriate request item will be deemed a satisfactory response provided that that referenced response is satisfactory.

(2) In addition, please identify the company witness who will be prepared to answer questions concerning each data request.

(3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the original response and the time of the hearings.

(4) If any request appears confusing, please request clarification directly from the Office of the Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any of these requests may be answered by way of computer printout, please identify each variable contained in the printout that would not be self-evident to a person not thoroughly familiar with the printout.

(7) If the Company has objections to any of these requests on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) In the event that any document called for is to be withheld on the basis of claim or privilege, identify the item being withheld as follows: addresser; addressee; indicated or blind copies; and all persons to whom distributed, shown or explained. Also identify the nature and legal basis for the privilege asserted.

(9) In the event the document called for has been destroyed or transferred beyond the control of the Company, (a) state the identity of the person by whom it was destroyed and person authorizing destruction and the time, place, and method of, and reasons for its destruction, and if destroyed or disposed of by operation of a retention policy, state the retention policy; and if transferred, the time, place, and method of and reason for its

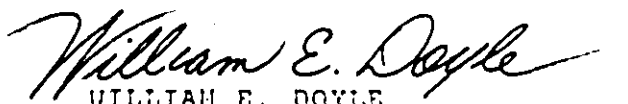
transfer; and (b) identify it as follows: addresser; addressee; indicated or blind copies; and all persons to whom distributed, shown or explained.

(10) When a question herein calls for details, a breakdown, a detailed breakdown, et cetera, such information should be provided in sufficient detail to enable a reader to ascertain exactly what was spent and what was purchased. Categorical descriptions such as "miscellaneous expense" or "office supplies" or "legal expenses" are unacceptable. Rather, by way of example, "office supplies" would have to be broken down to descriptions such as "paper, file folders, et cetera," and "legal expenses" would have to be broken down by project, such as "Smith v. Jones lawsuit, et cetera." Furthermore, by way of example, each individual expenditure for paper, for file folders and for legal expense, et cetera, would have to be identified.

(11) In the event that an item of expense requested in detail is under \$100.00 in amount, the company may, but does not have to, group that item with other items under \$100.00 and present them together with some suitable description.

Respectfully submitted,

CHRIS GORMAN
ATTORNEY GENERAL


WILLIAM E. DOYLE
ASSISTANT ATTORNEY GENERAL
UTILITY AND RATE INTERVENTION
DIVISION
209 ST. CLAIR STREET
FRANKFORT, KENTUCKY 40601
(502) 564-4994

REQUEST FOR INFORMATION OF THE ATTORNEY GENERAL
TO AIRVIEW ESTATES

CASE NO. 93-007

(1) Please provide copies of annual reports for Airview Estates, Inc. filed with the Kentucky Public Service Commission for the calendar years 1990, 1991 and 1992. If the 1992 report is not yet ready, please project the figures therein (to the best of your ability).

(2) Please provide projections of revenues and all operating expenses for Airview Estates, Inc. for 1993 and 1994 in comparative form with the year 1992. Revenues and expenses should be in at least as great a level of detail as contained in the annual report. List revenues, then expenses and then net income in one column on the far left-hand side of the page and then in the next column list the 1992 figures, then in the next column the 1993 figures and then in the last column the 1994 figures. If 1992 figures are not yet available, use projections.

(3) Update any projections of 1992 data with actual data as soon as it becomes available.

(4) Provide copies of Federal Income Tax Returns for Airview Estates, Inc. for 1989, 1990, 1991 and 1992 (when ready) and provide all supporting schedules. If you use a fiscal year, provide the tax return for the fiscal years ended in 1989, 1990, 1991 and 1992.

(5) You have indicated that the basis for the rate increase sought is due to the increase of \$56,740 for the cost of pumping the lagoon and hauling the sludge to an approved landfill.

(a) Would an increase be necessary if that cost did not exist?

(b) Have competitive bids been sought for these items in the aforementioned \$56,740 in cost? If so, provide details. If not, explain why not.

(c) Please describe in detail any relationships, whether by blood, marriage or financial interest, including ownership, between either Airview Estates, Inc. and/or Fred Schlatter and B & H Septic Tank Service, Inc.

(6) Please provide total car and/or truck expense for Airview Estates, Inc. for 1991 and 1992. Describe the make, model and year of each and every vehicle utilized for such car and/or truck expense for 1991 and 1992.

(7) For the \$56,740 in pumping expense, please estimate how many years into the future will be benefited by the expenditure. Will such a level of that particular expense be incurred again in the future? If so, when? If not, why? Can it be avoided in the future? If so, explain how. Is it your intent to take steps on an ongoing basis in the future to prevent another expenditure such as the \$56,740 above from recurring? Explain.

(8) Do any of the owners of the building which houses offices for Airview Estates, Inc. have any relationship (financial interest or ownership) to Airview Estates, Inc.? If so, explain the relationship or relationships.

(9) Provide names of all employees of Airview Estates, Inc. and their salary or wages earned in the calendar year 1992.

(10) In the Notice of the rate increase sent to customers of Airview Estates, Inc., the following statement was made in reference to the expenditure of \$56,740.00 for the costs associated with removing the sludge deposits in the settling lagoon.

The applicant corporation has no funds available to pay this expense and is unable to obtain any financing for this one-time expense item.


(11) Please state whether Fred Schlatter, President of Airview Estates, Inc., has enough personal funds to pay the aforementioned expense or to loan Airview Estates, Inc. to pay said expense.

(12) Please further provide a statement of net worth for Fred Schlatter. List all assets, debts and liabilities of Fred Schlatter individually, along with an estimated value for each and every individual asset, debt and liability.

(13) Please state whether Airview Estates, Inc. could borrow the aforementioned \$56,740.00 if the corporation were able to provide the personal guarantee of Fred Schlatter for the loan. Explain why or why not.

CERTIFICATE OF SERVICE

I hereby certify that an original and ten copies of the foregoing REQUEST FOR INFORMATION OF THE ATTORNEY GENERAL TO AIRVIEW ESTATES were served by hand delivery to Honorable Don P. Mills, Executive Director, Public Service Commission, 730 Schenkel Lane, Frankfort, Kentucky 40601; and by mailing a true and correct copy first class, postage prepaid to Concerned Citizens of Airview, Inc., c/o Honorable H. D. Callicotte, Pearl & Gohman, 611 Knox Boulevard, Radcliff, Kentucky 40160, one copy for all of the other intervening parties c/o Wesley Wilson, 184 E. Airview Drive, Elizabethtown, Kentucky 42701, and to Airview Estates, Inc., c/o Sam G. McNamara, P.O. Box 916, 315 High Street, Frankfort, Kentucky 40602, on this the 11th day of February 1993.


Assistant Attorney General